

THE LOS ANGELES PLAN

(March 14, 1981)

Monsignor Barry, your Chairman, asked if I could possibly discuss with you this morning "what I do in the Chancery Office". Realizing that if I tried to fulfill this commission / I might 'be all over the lot' / with a great deal of boring detail, we settled on the title - "The Los Angeles Plan", namely, our way of fulfilling our obligation, especially as it relates to the financing of the inner-city parishes and schools / of the Archdiocese.

Before proceeding with the details of the plan, may I present my credentials. It was my happy privilege / to be appointed Secretary to Archbishop McIntyre in March, 1952. As you know, Archbishop McIntyre was elevated to the College of Cardinals / in January 1953. The following 10 years were busy years indeed / not only with the heavy construction demands made upon us by the constantly increasing population of Southern California / but also with the extensive traveling that His Eminence had to do, being the first Cardinal west of St. Louis.

In May 1962, I was appointed Chancellor of the Archdiocese, and in December 1967, Vicar General and Chancellor. Cardinal McIntyre resigned in January 1970, and was succeeded by Cardinal Manning, who appointed me Vicar General, being responsible "for everything that has a dollar sign in front of it".

"THE LOS ANGELES PLAN" is the story of the response of the people of God / to the needs of the community of faith. Technically, it is the story of nine corporations / that make up the structure of the Archdiocese of Los Angeles, comprising three Counties / covering 8,772 square miles, with a Catholic population of 2,231,180 - 28% of the total population. On each of these diocesan corporations / an audit is made annually with certified balance sheets being published in our Archdiocesan paper, "The Tidings".

During the 45 years that we have been an Archdiocese / we have had three Archbishops, all of whom have been responsive to the needs of their times. We are doing our utmost / to maintain in the best possible condition, our parishes, schools, and welfare institutions / they have built. This necessarily

requires a team effort, and we are all Church.

For the various corporations, THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES, a corporation sole, is more or less the parent company. His Eminence is the Incumbent, and yours truly the Attorney-in-fact. As Incumbent, the Ordinary is the owner of 1,500 automobiles. He owns and operates 10 Cemeteries, 232 Elementary Schools, and 35 High Schools. He paid \$668,482 in taxes and assessments last year. Including the school plants and welfare facilities, along with the churches, parking lots and rectories, the County Assessors of our three Counties have established for these / a total market value of \$369,993,228. The replacement value of our buildings and contents for the purpose of insurance is \$792,071,869. For economy reasons, we are self insured for the first \$100,000 of each individual fire, each automobile accident and each liability claim.

Our investment portfolio contains only stocks which must be held in accordance with the requirements of the donors, and Government Bonds. These donated stocks have been restricted to the use of income only. We own sites for future parishes / with a cost value of \$3,083,924.00. We have a franchise from the State of California to sell annuities. Currently we have \$902,709.73 in annuity liabilities and a corresponding investment in income properties and bonds with a market value in excess of \$1,500,000.

This corporation operates its own little bank / which we refer to as the "X" ACCOUNT. Parishes may borrow funds, only from the Chancery. Pastors are encouraged to deposit surplus funds with the Chancery. We are currently paying 6% on deposits and charging 5% for loans. As you know, the current prime rate is 18%. Although prime did hit a high of over 20%, the diocese has never charged more than 6% on loans to parishes. We are currently maintaining construction projects totaling \$4,000,000. These consist primarily in renovations, new rectories, multipurpose halls, and two new churches costing in excess of one million dollars each.

The second corporation that we will consider / is the ARCHDIOCESE OF LOS ANGELES EDUCATION & WELFARE CORPORATION. This corporation was established / to include all the schools, welfare and youth center facilities, valued at \$225,582,152, and now serving the civic communities embraced within

the borders of the Archdiocese. In addition, church buildings and related properties are valued at \$144,411,076. These valuations represent market values / according to the appraisals of the County Assessors. They do not represent liquid assets / since they are not readily saleable / and constitute a grave liability in their operation and maintenance. It is interesting to note / that 62% of the real property and equipment / are devoted to education, welfare, and youth activities. Only 38% of the assets / represent church properties in the 278 parishes of the Archdiocese. All of these properties represent the donations made week by week / and in concerted funding drives of the Catholic laity / in this area. It should be further noted / that facilities for education, welfare and youth work / absorb more than one and two thirds times as much of the parishioners' contributions / as actual church facilities. The tax payers of our three Counties / have the benefit of \$219,600,000 worth of educational facilities / freely donated by the Catholic people / for the education of 98,251 elementary and high school students. Over and above all this, \$6.1 million was contributed last year / by parishioners and the Chancery / to cover operating deficits in these schools / and to keep their doors open.

The next two corporations are ST. JOHN'S SEMINARY in Camarillo, our theologate and college, and OUR LADY, QUEEN OF THE ANGELS' SEMINARY, our 4-year high school, at Mission San Fernando.

ST. JOHN'S SEMINARY is at the center of the three County Archdiocese / midway between Santa Maria and San Fernando. Nearly 700 alumni of the 42-year old Seminary / have been ordained priests for the Archdiocese / as well as for other dioceses and Religious Communities. Two units of the three-part Archdiocesan system / are located on the Camarillo campus. St. John's Seminary College provides four years of collegiate liberal arts studies / with a major in philosophy. Graduates of the College complete their preparation for the priesthood / with four years of theology at St. John's Theologate. We now have 74 young men in the college / and 115 in theology. The present campus comprises a total of 215.55 acres, with 85.63 acres in citrus and 11.20 acres in avocados. The income from this Seminary ranch / represents one of only two sources of unrelated business income / on which we must pay taxes, the other being advertising income / from "The Tidings". The balance sheet published as the result of the current year's audit shows an investment of \$11,381,000.

OUR LADY, QUEEN OF THE ANGELS Junior Seminary / is located on 46 acres, adjacent to Mission San Fernando. We presently have 138 young men enrolled in our four-year high school. This year's audited balance sheet shows an investment of \$5,274,000 in this facility. On the same grounds are accommodations for a pre-school with 300 students, conducted by the Franciscan Missionary Sisters of the Immaculate Conception, as well as facilities for weekly Cursillos / and Retreats for seventh and eighth graders interested in the religious life.

Our fifth corporation is THE CARDINAL McINTYRE FUND FOR CHARITY, a non-profit corporation established to assist with works of charity / that cannot be funded by the United Way. This year, the 29th year of operation, the parish collections totaled \$237,071. To this was added \$256,146 that came from direct contributions by the public. On September 29th, 1980, / \$573,000 was appropriated for disbursement in the year ending July 31, 1981.

Our sixth corporation is THE TIDINGS. We are indeed most grateful to our Editor, his predecessors, and our excellent staff / for the magnificent job they have done in fulfilling their commitment / as an instrument of communication for the Ordinary. Last year there was a surplus of \$30,191.00, 3.8% of their total income.

The ST. VINCENT DE PAUL SOCIETY constitutes our seventh corporation. I might add here / that His Eminence is the President of all these corporations, and yours truly the Treasurer. Employment and rehabilitation of marginal workers account for one of the largest expenditures by the Society. Persons handicapped by age, mental or physical problems, lack of education or language barrier, are helped to become self-supporting members of society. Many marginally handicapped persons / are employed in the preparation, in sorting, repairing and sale of donated discards / which in turn are sold at nominal prices to low income families. After their training and experience / a majority of these workers find employment in private industries. Rather than a burden on society / they become contributing members. Salaries and wages paid during 1979 totaled \$731,583.

The Society helps in other areas. Thousands of men annually pass through the portals of St. Vincent's Center / on Skid Row. They pause long enough for recreation, a bath, for a shave, a bed or

a meal. During this past summer 717 boys up to 12 years of age enjoyed a week at the St. Vincent-de Paul Summer Ranch Camp. The diocese provides facilities for the operation of the Society.

The CATHOLIC WELFARE BUREAU constitutes our eighth corporation. Last year the Bureau received nearly \$1,000,000 support from the public with the total revenue coming to \$7,554,167 (\$2,114,559 from United Way) (\$3,936,297 from Government Contracts) (\$993,058 support from public), and expenditures of \$7,182,805. Nearly one-half of these expenditures were expended to provide counselling services and financial assistance to families, children, and single women. During the past year more than 300,000 people received services from the Catholic Welfare Bureau. As a point of information, we might mention here that the Bureau's Resettlement program was responsible for the relocation of 5,000 Vietnamese refugees. In four months, a percentage of slightly over 20% of the refugees resettled out of Camp Pendleton.

DON BOSCO TECHNICAL INSTITUTE is a 4-year high school and 2-year junior college. However, a student wishing to go into the Junior College is able to complete his high school requirements in three years. After five years / the Institute confers an Associate in Science degree. Don Bosco Technical Institute is located in South San Gabriel. It was erected by the Archdiocese / with the assistance of industry. There are currently 1,019 young men studying at the school, which is directed by the Salesian Fathers. A separate corporation was formed for the ownership of this school / so that industry might be encouraged to contribute to the maintenance of same. The diocese has invested \$5,000,000 in these facilities, and industry and benefactors have been most cooperative in the maintenance of the school.

This is our corporate structure.

Back in 1962, this Archdiocese established a policy of asking the "HAVES" / to help the "HAVE NOTS". Parishes with relatively large surplus balances on deposit in our "X" Account / were asked to contribute to the poorer parishes of the diocese. Since that date \$40,000,000 has been contributed by parishes with surplus funds and by the Chancery Office / to pay off the debts of parishes that have been unable not only to pay their principal / but even interest on the principal. Our parish debts in 1950 totaled \$7.8 million dollars. In 1967 parish debts reached an all-time peak of \$27,000,000. As of the present date 8 of our 278 parishes have a debt totaling less than one-half million dollars. No poor parish

In this diocese has a debt. No property has ever been mortgaged. We are presently subsidizing thirty-six parishes.

In order to assist in the financing of expenses of the diocese the following assessments have been levied on each parish for the past twenty-five (25) years:

- 1% of ordinary income to assist in the operations of the Chancery Office;
- 2% of ordinary income to help finance the three seminaries;
- 4% of ordinary income to help finance the high schools.

In November of 1973 we inaugurated a 2-year fund raising drive in which we assessed each parish 10% of ordinary income per year for two years. The goal of this drive was for \$5,000,000. The drive ended November 30th, 1975, and we realized our goal. There has been no fund drive since 1975.

The needs of the Church, of the people of God here, are great. Providentially, the response is also great.

Our primary purpose of existence is the worship of God through the parochial system / which has made the faith flourish in North America. We are also engaged in various other works of religion. We are committed to Catholic Education. We intend to maintain as many eight-classroom schools / in as many parishes / as we can afford. We intend to maintain our thirty-five diocesan supported high schools / as long as we can afford to do so. Each school charges tuition / according to ability to pay. Our lowest diocesan high school tuition is \$65 per month. Our highest diocesan high school tuition is \$120 per month.

Here in the Diocese of the Angels / we have been blessed with a magnificent people - a people of God / who have been consistently responsive to leadership. We realize that religion lives on the free-will offerings of people. We believe that God will provide. Consequently we budget our programs from year to year. We believe that we will be able to give the people of God in this jurisdiction / what they can afford to pay for.

During the last 25 years, the ordinary income of our parishes has increased 400%. It has increased each year, always more than every preceding year. God has truly provided. At the end of

each fiscal year, we budget for the programs of the coming year. This includes one and a half million dollars for the summer repairs of our high schools and two million dollars for the maintenance of our inner-city parishes and schools. Remaining surplus funds are applied annually to parish debts. God has indeed been good to this mission area / on the far Pacific.

This is "THE LOS ANGELES PLAN".